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SUBJECT: AMEMBASSY BRASILIA NOMINATES SAMBAZON FOR THE SECRETARY'S
CORPORATE EXCELLENCE AWARD (SME CATEGORY)

¶1. (U) Based upon its innovative approach to development and export, Charge d'Affaires nominates the U.S. small/medium-sized firm SAMBAZON for the Secretary's 2006 Corporate Excellence Award.

¶2. (U) Begin Text of Award Nomination

Established in 2000, SAMBAZON (short for Saving and Managing the Brazil Amazon) is a small San Clemente-based firm which pioneered the export of Acai fruit - an anti-oxidant palm berry that grows wild in the Brazilian Amazon - to the United States. Since it began operations, SAMBAZON has set the standard for promoting sustainable development of the Amazon rainforest while improving the economic condition of the local indigenous people. Its business model not only seeks profit for investors, but explicitly pursues the goal of promoting sustainable land use in the Amazon estuary. Not content to rest on its laurels, SAMBAZON has opened an industrial processing facility in the rural state of Amapa which will expand ten-fold the amount of Amazon acreage which will benefit from the company's environment-friendly agroforestry practices.

-- Responsible Environmental Stewardship and Practices.

The Amazon is disappearing at an alarming rate, with estimates ranging from 1.9 million to 2.6 million hectares per year. To stem the tide, Brazilian policymakers have instituted conservation programs, are banking on agroforestry - sustainable commercialization of native crops - to create incentives for better habitat management. Knowing that local residents must be part of the solution, the Brazilian government has sought to give them an economic stake in the preservation of the forest so that they help ensure that illegal loggers and other claim jumpers do not menace that environment. Grown in the Amazon's flooded forest region, Acai (pronounced Ah-sigh-EE) is a marquee agroforestry crop because it comes from the one of the few native forest palm trees that is renewable. Since neither the harvest of Acai fruit nor heart of palm kills the tree - unlike other palms which die when the heart of palm is extracted - the plant can play an important role in sustaining riverside communities

A key player in the Acai sector, SAMBAZON was the first company to export Acai to the U.S. and is responsible for 70% of the pureed fruit that is sent to this market. In an August 4, 2004 article on SAMBAZON, the New York Times noted that because of the company's practice of offering guaranteed contracts to growers, hundreds of families were able for the first time to lock in a price for the bulk of their crop prior to harvest. As a result, instead of being compelled to turn to environmentally destructive activities such as logging, cattle, or monoculture or being forced to abandon their communities in search of elusive employment in Brazil's overcrowded cities, rural residents were able to remain in the area and make their livelihood from Acai. In 2005, SAMBAZON's purchases of Acai

supported over 960 grower families who worked over more than 66,000 acres within the Amazon estuary.

-- Development of Competitive and Innovative Activities with Measurable Results

Unlike the customary practice in the Amazon, SAMBAZON shuns middlemen and works directly with the indigenous growers tied to four community cooperatives. The cooperatives sell to SAMBAZON which then sells directly to U.S. clients. In contrast, in the traditional Acai trade, growers sell to middlemen who in turn sell to the local market - which then passes on the product to outsourced manufacturers, brokers, and finally the ultimate client. Since SAMBAZON's concept eliminates three steps in this process, it can afford to pay growers a premium above the prices offered by the middlemen. Between 2003 and 2005, as SAMBAZON began to ramp up its supply chain, it paid an average premium 18% to 58% above the prices paid by the middlemen. This premium has increased the sustainability of grower communities by raising family income, and has enabled the cooperatives to provide skill-building and technical assistance to support forest management. Indeed, SAMBAZON, through a contract with a Brazilian NGO, has provided training workshops for 1541 growers while grooming 56 youths to serve as technical advisors in organic certification and crop management. Given the tangible benefits offered by SAMBAZON's model, families have rushed to join the cooperatives, thus strengthening the agroforestry constituency.

For its part, SAMBAZON, which has invested US\$5 million in Brazil, earned US\$5.5 million in profits in 2005 and expects to clear approximately US\$12.5 million in 2006. Between 2002 and 2005, it purchased 5,402 tons of fruit. SAMBAZON Acai is now carried by thousands of grocery stores and juice bars across the United States, including such retail chains as the Whole Foods Market, Wild Oats,

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and Trader Joe's. In addition, SAMBAZON's success can pave the way for the introduction of other exotic Amazon fruit into the U.S. market -- products which like Acai would have no domestic U.S. competitor -- such as Cupuacu (Coo-poo-A-su), Graviola, and Taperaba.

-- Overall Growth and Development of the Local Economy.

SAMBAZON's enlightened policies directly benefit poor communities in dire need. By providing subsistence farmers with a secure market for a cash crop, the firm contributes greatly to the income security of the local indigenous people. Growers are able to use their Acai resources to generate over 80 percent of their annual income while maintaining their traditional trade of forest products (shrimp, fish, cassava, etc.) to rural markets. And because of the company's premium, family members of the growers that work with SAMBAZON earn 48% above the regional wage.

To ensure that the community's interests are protected, the company has had its operations Fair Trade Certified by both the Fair Trade Federation, with a local NGO serving as a third-party auditor. In addition, SAMBAZON has helped its grower partners garner affordable financing by bringing in the Cambridge, Massachusetts-based micro-credit provider EcoLogic Enterprise Ventures (which in turn receives funding from the J.P. Morgan Chase Foundation). In recognition of its efforts, SAMBAZON has received the Ashoka Award for Market-based solutions for Low-Income communities.

Finally, using OPIC financing, SAMBAZON has opened a processing plant in the Amazon state of Amapa. This new facility will employ 70 people and increase the acreage which will benefit from SAMBAZON grower agroforestry by ten-fold.

Given the convergence of the company's work with the Mission's MPP economic development goals, USAID Brasilia strongly supports the Chief of Mission's nomination of SAMBAZON for the Secretary's 2006 Corporate Excellence Award.

End Text of Award Nomination.

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